



ARIZONA STATE RETIREMENT SYSTEM

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*Paul Matson
Director*

MINUTES REGULAR MEETING ARIZONA STATE RETIREMENT SYSTEM BOARD

**Friday, February 19, 2010
11:05 a.m., AZ Time**

The Arizona State Retirement System (ASRS) Board met in the 14th Floor Conference Room, 3300 N. Central Avenue, Phoenix, Arizona. Mr. David Byers, Chair of the ASRS Board, called the meeting to order at 11:54 a.m., Arizona time.

The meeting was NOT teleconferenced to the ASRS office at 7660 E. Broadway, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. David Byers, Chair
Mr. Tom Connelly, Vice-chair
Mr. Christopher Harris
Mr. Jaime Gutierrez
Dr. Keith Meredith
Mr. Lawrence Trachtenberg
Mr. Michael Townsend
Mr. Steven Zeman

Absent: Mr. Jim McLaughlin

A quorum was present for the purpose of conducting business.

2. Presentation, Discussion and Appropriate Action Regarding the Board Governance Evaluations

- a) Trustees' 2009 Self-Evaluation
- b) Board 2009 Self-Evaluation

Mr. David Byers opened, noting the purpose of the meeting was for the Board to evaluate themselves for calendar year 2009. Board Trustees considered the following statements taken from the Board Governance Handbook while reviewing their performance:

- 1. The Board maintains an effective oversight role with regard to benefits and investment issues.
- 2. The Board knows and understands the ASRS Strategic Plan, and reflects this understanding when addressing key issues throughout the year.
- 3. The Board engages in long-range strategic thinking and planning.

4. The Board has achieved the business objectives it set out to accomplish this past year.
5. The Board stays abreast of issues and trends affecting the ASRS, using this information to assess and guide the ASRS over the long term.
6. The Board conducts a comprehensive evaluation of the Director annually.
7. The Board ensures that new Trustees receive a prompt, thorough orientation.
8. Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.
9. The Board meeting agendas are well-balanced, allowing time for the most critical issues.
10. The Board and Committee meetings are handled efficiently.
11. The Committees are effective, focusing on pertinent topics and allocating reasonable time.
12. The Board is well-educated on both benefit and investment issues.
13. The Board recognizes its policy-making role and reconsiders and revises policies as necessary.
14. The Board is consistently prepared for meetings.
15. The Board as a whole, and Trustees as individuals, evaluate their performance on an annual basis.
16. The Board reviews and adopts a reasonable operating budget that is followed and monitored throughout the year.
17. The Board periodically monitors investment performance and measures it against relevant benchmarks.
18. The Board periodically monitors service to members.
19. The Board comprehends and respects the difference between its policy-making role and the Director's management role.
20. Board goals, expectations, and concerns are promptly, candidly and effectively communicated to the Director.
21. The Board anticipates issues and does not often find itself reacting to "crisis" situations.

Director, Paul Matson, was asked to join the meeting at 11:55 a.m. to discuss Board performance and future critical issues of the Board.

Trustees were also asked to identify the greatest achievements of the ASRS during the past year. The following were among items listed: Continued success with IT changeover; Progress with better customer service; Legislative initiatives, which have helped to secure the Funds' future; Weathering the financial liquidity storm; Continued operation of the Board with virtually no personal or political agendas; Resolution of System issue; New asset allocation and consultant; Update of strategic agenda; Establishment of a Budget crisis plan; Identification and analysis of risk factors; Implementation of the PRIDE program; Survival through severe economic environment with minimal member disruption; Enhancement of Trustee understanding of the ASRS with expanded information sessions.

The Trustees also discussed the critical issues the Board should address in the future. The following were among items listed: Increase in employer and employee contributions; "System" and AG opinion; Increased pressure to do away with DB plans; Board responsibility for impacting regulatory reform; State budget crisis; Ways to mitigate issues with potential Board turnover; Further refinement of Board and Committee governance; Potential for medium term investment returns which don't meet actuarial assumptions; Improvement in benchmark performance; Simplification of the RTW and temporary work contribution rules; Implementation of a new hire tier to enhance contribution rate improvement; Funded status recovery that would be acceptable to all stakeholders; Continued monitoring of legislative actions and maintenance of communication channels with Legislature and Governor's Office; Continued perseverance in achieving legislative changes that have been proposed for several years; Remember that our fiduciary responsibility is to Plan members.

3. Adjournment of the ASRS Board

Mr. Byers adjourned the February 19, 2010, Regular Evaluation Meeting of the Board at 12:34 p.m.

ARIZONA STATE RETIREMENT SYSTEM

Gayle Williams, Secretary

Date

David Byers, Chair

Date